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Korea, Republic of

Product Brief

Hay Market Brief

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Report Highlights:

The Korean market for hay products has risen dramatically since 1998, and will offer expanding future opportunities for U.S. exporters. As local production of forages declines over the next 5 years, imports will be needed to fill the demand. Korean imports of hay from the United States amounted to almost \$12 million in the first 3 months of 2000, accounting for two-thirds of the market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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Imported forages supply about 30 percent of total Korean demand, according to industry sources. Domestic sources of roughage include rice, barley, and wheat straw, but the collection and distribution of these products on the small land holdings are increasingly difficult and costly. Further, both dairy and beef producers are favoring the higher quality imported forage products in feed rations for greater efficiency. Imported forage products are likely to make up an increasing percentage of needs for the domestic livestock industry.

The tariff structure on several categories of hay and forage products contains import quotas, but in practice, these quotas are set at high levels to allow livestock producers access to a ready forage supply. Tariffs are relatively low at one percent for alfalfa cubes, pellets, and hay bales, and eight percent for straw, if within the maximum quota quantity.

Alfalfa bales, cubes, and pellets account for about 60 percent of the forage import market in Korea. These products are used mainly as feed for the dairy and beef industry, with a small amount used for thoroughbred horses. Imports of compressed alfalfa bales tripled in 1999 from the previous year, to 65,000 metric tons. The U.S. product dominates this segment of the market, while most of the cubes and pellets come from Canada.

The next largest category of imports consist of “grass hay”, such as tall fescue. Imports of this product also jumped in 1999, as demand in the livestock industry increased with the improving economy. While the U.S. also supplies most of this product to Korea, some comes from the PRC. With stricter controls on imports of forage products from the PRC due to recent outbreaks of Foot and Mouth Disease in each country, U.S. exporters have an opportunity to supply this category as well.

In total, imports of forages jumped to over \$18.6 million in the first quarter of 2000, nearly triple the import value from the same period last year. With strong demand foreseen for the remainder of the year, imports could reach the 1997 record level of \$42 million.

Table: Imports of Hay Products (Metric tons)

Description	CY 1998		CY1999		CY2000 (Jan/Mar)	
	Total	USA	Total	USA	Total	USA
Straw HS 121300000	4,156 (909)	275 (47)	13,645 (2,011)	1,481 (220)	7,356 (915)	350 (57)
Cubes and Pellets HS 1214100000	67,070 (10,567)	15,121 (2,728)	105,584 (12,666)	19,425 (2,686)	29,909 (3,699)	5,420 (869)
Fodder Roots HS 1214901000	1,663 (205)	608 (95)	203 (24)	203 (24)	0 (0)	0 (0)
Alfalfa Bales HS 1214909010	21,919 (4,638)	18,607 (3,992)	65,310 (11,523)	54,815 (9,837)	34,192 (6,075)	28,468 (5,252)
Other (Grass Hay) HS 1214909090	58,226 (6,877)	46,031 (5,493)	127,534 (15,603)	99,973 (12,200)	58,182 (7,911)	39,531 (5,614)

Figures in parenthesis represent import value in \$000